

SD TR 150: M668/2004/July 12-13

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## MINUTES

### SOUTH DAKOTA INVESTMENT COUNCIL

Radisson Encore/Minnehaha Country Club

Sioux Falls, South Dakota

Sioux Falls, South Dakota

July 12 & 13, 2004

1) Roll Call

The meeting was called to order at 2 p.m. by Chairman Roy Burr. Council members in attendance were Tom Everist, Bryce Healy, Curt Johnson, Angeline Lavin, Vern Larson, Larry Ness, Rob Wylie and Roy Burr.

Others attending for all or part of the meeting included Search Committee members Steve Myers, Dave Anderson and Rick Kahler, and the four interview candidates for the State Investment Officer position.

(Note: For sake of continuity, the following minutes are not necessarily in chronological order. All referenced documents are on file with the Council packet.)

2) Executive Session

TOM EVERIST MOVED, SECONDED BY BRYCE HEALY, TO GO INTO EXECUTIVE SESSION TO INTERVIEW THE CANDIDATES FOR THE STATE INVESTMENT OFFICER POSITION. MOTION PASSED UNANIMOUSLY.

The Council recessed at 7 p.m.

The Council reconvened at 8 a.m. on July 13, 2004. Executive Session continued.

3) General Session

Chairman Burr reconvened general session. He noted that during executive session the Council interviewed three external candidates and one internal candidate for the State Investment Officer position. The three external candidates were from major investment organizations, two from Illinois and one from Michigan. They were the result of an extensive nationwide search conducted by Russell Reynolds Associates. The Russell team was composed of Alex Thomson and Kim Raynor from Boston and Kathryn Mitchell from Minneapolis. Over a several month period of time, Russell initiated contacts with over 180 investment professionals throughout the country. Weekly updates were held with the Investment Council Search Committee. This process led to the invitation of the three external finalists for in-person interviews. The fourth finalist selected by both Russell Reynolds and the Investment Council was the Council's current Deputy Investment Officer, Matt Clark. Each candidate was interviewed for two hours. An identical list of questions was used as the basis for the interview. The questions were posed by

Chairman Burr and Search Committee Chair Everist. Follow-up dialog was pursued by all Council members with each candidate.

4) State Investment Officer Appointment

ROY BURR MOVED, SECONDED BY BRYCE HEALY, TO OFFER THE POSITION OF STATE INVESTMENT OFFICER TO MATT CLARK WITH A MINIMUM BASE SALARY OF \$220,000 AND THE CURRENT INVESTMENT OFFICER INCENTIVE COMPENSATION PACKAGE. MOTION PASSED UNANIMOUSLY.

It was discussed that between now and Matt Clark's actual assumption of investment officer responsibilities, the Council will study further the exact recommended level of compensation which may be at the minimum base or at a higher level. The specific salary recommendation will then be presented to the Executive Board of the LRC.

Everist indicated that he would review the most recent Deloitte & Touche compensation study on the Investment Officer and would talk to Brian Gardner or Stacey Kaplan from Deloitte & Touche to seek their informal guidance in the appropriate compensation level for transitioning into this position. It was discussed that with all of the changes that are likely to take place within the office over the next year, a formal compensation update should probably take place a year from this fall.

Larry Ness raised the issue as to what policy makers ought to be contracted on the Council's succession decision. It was determined that a call would be made immediately to Governor Rounds; Representative Matt Michels, Chair of the Executive Board Subcommittee on the Investment Council; Representative Orville Smidt, Chair of the Executive Board; Senator Jerry Apa, Chair of the Senate Appropriations Committee; and Representative Jim Putnam, Chair of the House Appropriations Committee.

A press release was discussed. Myers stated he would do a rough draft and email it this afternoon to Tom Everist for edit and try to get it out to the Associated Press and Bob Mercer no later than tomorrow.

5) Adjournment

BRYCE HEALY MOVED, SECONDED BY ANGELINE LAVIN, FOR ADJOURNMENT. MOTION PASSED UNANIMOUSLY.